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March 24, 2016

Congressional Committees

Unmanned Carrier-Based Aircraft System: Debate over System's Role Led to Focus on Aerial Refueling

Prior to February 2016, the Navy had planned to invest over \$3 billion through fiscal year 2022 in the development of the Unmanned Carrier-Launched Airborne Surveillance and Strike (UCLASS) system. The system was expected to address a gap in sea-based intelligence, surveillance, and reconnaissance and provide precision strike capabilities.

The National Defense Authorization Act for Fiscal Year 2014 included a provision that we annually review the status of the UCLASS acquisition program.¹ This report assesses the current status of the program. To do so, we collected and reviewed documents discussing the program's cost and schedule including the President's budget submission for the Department of Defense (DOD) for fiscal year 2017. We discussed the program with officials from the Unmanned Carrier Aviation Program Office and the Office of the Deputy Chief of Naval Operations, Unmanned Warfare Systems Directorate.

We conducted this performance audit from June 2015 to March 2016 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Background

In a May 2015 report, we found that the intended mission and required capabilities of UCLASS were under review as there was debate within DOD about whether the primary role of the UCLASS system should be largely surveillance with limited strike capability operating in less contested environments, or largely strike with limited surveillance capability operating in highly contested environments.² This debate delayed the expected award of the air system development contract by about 3 years from 2014 to 2017.

In that report, we also found that knowledge the Navy had obtained from reviewing the UCLASS preliminary designs of four contractors might have limited applicability depending on the system's final requirements. The preliminary designs were based on a more surveillance-centric set of requirements. We concluded that if the final UCLASS requirements emphasized a strike role with limited surveillance, the Navy would likely need to revisit the technologies and

¹Pub. L. No. 113-66, § 213(d) (2013).

²GAO, *Unmanned Carrier-Based Aircraft System: Navy Needs to Demonstrate Match between Its Requirements and Available Resources*, [GAO-15-374](#) (Washington, D.C.: May 4, 2015).

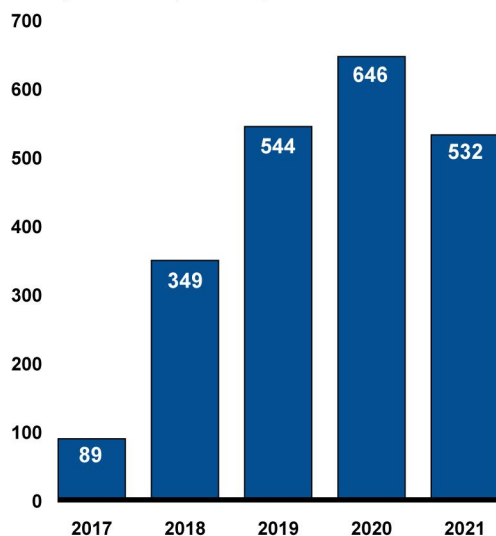
proposed designs for the system, as well as the amount of funding that would be needed for development.

DOD Has Restructured UCLASS to Focus on Carrier-Based Aerial Refueling Mission

Following a review of its airborne intelligence, surveillance, and reconnaissance portfolio, DOD restructured the Navy UCLASS program in its fiscal year 2017 budget submission to create the Carrier Based Aerial Refueling System (CBARS) program. CBARS will be an unmanned system designed to conduct automated aerial refueling of other carrier-based aircraft, as well as provide some intelligence, surveillance, and reconnaissance capability. This represents a shift in the focus of the system’s mission. The Navy plans to invest more than \$2 billion in the CBARS program from fiscal year 2017 through fiscal year 2021 (see figure 1).

Figure 1: Planned Investments in the Carrier Based Aerial Refueling System

Then-year dollars (in millions)



Source: Department of Defense’s Budget Submission for Fiscal Year 2017 | GAO-16-389R

Data Table for Figure 1

Year	Then-year dollars (in millions)
2017	89
2018	349
2019	544
2020	646
2021	532

Note: Then-year dollars include the effects of inflation and escalation.

As with UCLASS, the CBARS program will consist of three key segments: an air system segment; an aircraft carrier segment; and a control system and connectivity segment. While requirements for the air system were being debated, the Navy continued to make progress on the carrier and control system and connectivity segments, according to budget documents. For example, as part of the carrier segment, the Navy has begun to develop modifications to existing shipboard systems, including hardware for test and integration activities. Within the control system and connectivity segment, the Navy has started development of additional prototype control stations, including those required to support testing. The Navy plans to release a request for proposal for the aerial refueling air system early in fiscal year 2017, and to award

an air system development contract early in fiscal year 2018. It expects CBARS to provide an initial operational capability to the fleet by the mid-2020s. Although the general direction of the restructured program is outlined in the fiscal year 2017 budget submission, a more detailed acquisition strategy for this program has yet to be released. We will continue to monitor this strategy as more details become available.

Agency Comments

We are not making recommendations in this report. We provided a draft of this report to DOD for comment. DOD indicated in an e-mail that it had no comments.

We are sending copies of this report to the appropriate congressional committees, the Secretary of Defense, and the Secretary of the Navy. In addition, the report is available at no charge on the GAO website at <http://www.gao.gov>.

If you or your staff have any questions about this report, please contact me at (202) 512-4841 or sullivanm@gao.gov. Contact points for our Offices of Congressional Relations and Public Affairs may be found on the last page of this report. Key contributors to this report were Travis J. Masters (Assistant Director), Robert P. Bullock, Laura Greifner, Roxanna T. Sun, and Marie P. Ahearn.

A handwritten signature in black ink, appearing to read 'Michael J. Sullivan', with a stylized flourish at the end.

Michael J. Sullivan
Director, Acquisition and Sourcing Management

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